Mizuho Daily

Jun 25, 2026

Three Take-Aways

1) Lower oil prices on glut of flows across Hormuz sent UST yields plunging in a bull flattener as fears around elevated longer term inflation expectations ease.

2) Lower UST yields did little to dent USD. EM-Asia FX to see limited tailwinds on improved risk sentiments from Micron.

3) Australia's inflation dynamics imply that RBA policy moves in Q3 will be dependent on the excess demand situation assessed via labour market conditions.

MACRO THEME: Oil Flows

- Reports of oil cargoes streaming out of Straits of Hormuz sent Brent crude prices **plunging towards US$73/barrel**. The sharp surge in **Persian Gulf oil flows collided with well-stock refiners** resulting in the **return of contango** with crude oil for immediate delivery being priced at a discount, lowering them relative to futures.

- Crucially, these signals from the physical oil markets also **provided structural relief for long term inflation expectations.** This was reflected in the bull flattening of the UST yield curve as 10Y yield drop 10.5bp while 2Y yields drop 5.1bp.

- **US equities handed in a mixed performance** with the S&P500 marginally lower as energy and tech sub-sectors slipped while industrials and consumers discretionary sub-sectors were boosted by lower energy prices and easier financial conditions.

Tricky Negotiations, Not Tripping Up Hormuz

- Iran has **continued attempts to signal the possibility of transit fees in the form of a mandatory insurance policy**. Oman has committed to navigation without imposing transit fees after a joint statement with Iran to find an agreement on the future administration of the Strait of Hormuz, which include the cost of managing transit. Trump has responded that these fees are unacceptable.

- On the **nuclear** issue, Iran's foreign ministry spokesman has said that there are no plans for IAEA inspections **contradicting** the US view that Iran agreed to the higher level of nuclear inspection.

- Admittedly, while these issues remain challenging, **it will be difficult to upset the status quo** especially with Iran securing the ability to secure much needed revenue from oil sales and the US being able to lower gasoline prices ahead of mid-terms elections. Any transit fees would be a rather marginal and peripheral add-on relative to Iran's oil exports revenue while disputes over nuclear inspections already span more than a decade.

Stress Relief and Memory Sparks

- Markets are kicking off the day on an optimistic tone with Micron earnings surpassing forecasts as they highlight an inability to fulfil memory chip demand. While having no line of sight to when supply will catch up with demand engenders optimism, it is perhaps notable that the upward pricing revision would be at a decelerating pace.

- Wall Street banks passing Fed's annual stress test also led to buoyancy amid declaration of upsized dividend and buybacks.

- On FX, it is notable that **despite the decline in UST yields, the USD continued to stay buoyant** (EUR pressured to around mid-1.13, AUD languish around 69 cents). Accordingly, EM-Asia FX may find little relief from shifting underlying FX dynamics even amid risk asset optimism.

BoT: Accommodating Recovery

- The **BoT held rates in a unanimous decision** that displayed a tinge of marginal hawkish tendencies. First, it is notable that the statement's concluding paragraph dropped the "temporary" framing around the increase in inflation. Second, the **growth narrative has been lifted** with upgrade in GDP forecast with the realised impact of the US-Iran conflict on manufacturing and tourism sector also being less than envisaged.

- That said, these signals are not a prelude to an impending rate hike especially as credit growth and quality continues to be key areas and concerns. Looking ahead, a **rate hold until late Q4** remains the base case amid the balance of moderating upside inflation risk and ongoing inflation impulse. A calibrated hike in Q4 will require evidence of firmer growth recovery. Accordingly, the THB recovery in the near term is a restrained one as higher UST yields erode the earlier support from gold prices and rate differentials widen.

Post Australia CPI: Reactions and Expectations

- **Headline inflation in Australia edged lower** in May to 4.0% YoY from 4.2% in April on lower automotive fuel prices (-11.9% MoM). Nonetheless, a higher trimmed mean inflation to 3.6% YoY reflects simmering prices pressures. Admittedly, headline inflation figures in Q2 are well below the RBA's forecast (4.8%). That said, the current trimmed inflation figures are much closer to the RBA's forecast of 3.8%. To be clear, the policy discomfort for inflation is not about the distance of the point estimate relative to forecast but the focus is on duration needed for underlying inflation to return to their target range.

- On this note, the expiry of the fuel excise tax duty in June adds risks of stickier trimmed mean inflation due to its potential for prolonging the current bout of cost passthrough. As such, even as **we envisage a rate hike in Q3**, the RBA's August decision is **increasingly complicated by both their employment mandate and timing of data releases.**

- For the latter, it should be noted that the **July CPI print will be released after the RBA's 11 August meeting**. As such, the revised set of forecasts in August faces the challenge of incorporating the impact of the expiry of the fuel subsidies and its passthrough.

- Consequently, the next move would be highly dependent on the labour market as markets assess if the hiring contraction in April would be extended or was a one-off. While another dismal jobs print may eliminate odds of further hikes, distinguishing inflation worries may be far harder.

- All in, dismal risk sentiments may be hobbling the AUD but resource demand on the back of AI led semiconductor cycle may assist a firmer recovery in late 2026 after the hawkish noise from Fed hikes settles.

***Yields** (2Y: -5.1bp; 10Y: -10.5bp; 30Y: -10.5bp)*

***Equities** (Nasdaq: -0.4%; S&P500: -0.1%; Dow: +0.4%)*

***FX** (DXY: +0.2%)*

DATA/EVENTS

Overnight	Actual	Exp.	Prior
(US) New Home Sales (May)	**580k**	638k	622k
(US) Current Account Balance (1Q)	-$226.8b	-$208.9b	-$190.7b
(GE) IFO Business Climate/Expectations (Jun)	**85.6/84.1**	85.5/84.8	84.9/83.8
(AU) CPI/Trimmed Mean YoY (May)	4.0%/3.6%	4.3%/3.5%	4.2%/3.4%
(KR) Retail Sales YoY (May)	9.0%	--	7.2%
(TH) BoT Benchmark Interest Rate	1.00%	1.00%	1.00%
(TW) Industrial Production YoY (May)	11.8%	13.2%	14.2%
Today	**Actual**	**Exp.**	**Prior**
(AU) Employment Change (May)		32.5k	-18.6k
(AU) Unemployment Rate (May)		4.4%	4.5%
(TH) Customs Exports/Imports YoY (May)		12.7%/36.3%	23.1%/45.0%
(US) PCE/Core Price Index YoY (May)		4.1%/3.4%	3.8%/3.3%
(US) Initial Jobless Claims		225k	226k
(US) Durable Gds Orders YoY (May P)		-5.0%	8.0%
(US) Capital Gds ship Non-Def Ex Air (May P)		0.5%	0.4%

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	161.78	161.78	+0.14%	159.80	-	163.00
EURUSD	1.1358	1.1354	▼0.21%	1.1300	-	1.1550
GBPUSD	1.3168	1.3165	▼0.27%	1.3100	-	1.3300
AUDUSD	0.6901	0.6899	▼0.23%	0.6850	-	0.7000
DXY	101.6	--	+0.20%	101.0	-	102.0
USDCNY	6.8105	--	+0.27%	6.7300	-	6.8300
USDCNH	6.8132	6.8126	+0.27%	6.7300	-	6.8300
USDHKD	7.8404	7.8392	▼0.01%	7.8150	-	7.8500
USDSGD	1.2973	1.2975	+0.06%	1.2850	-	1.3100
USDKRW	1546	1543	+0.00%	1515	-	1550
USDTWD	31.77	--	+0.42%	31.40	-	32.00
USDINR	94.66	--	▼0.08%	94.00	-	95.20
USDIDR	17943	--	+0.55%	17800	-	18100
USDMYR	4.136	4.130	▼0.13%	4.110	-	4.170
USDPHP	61.55	--	+0.30%	60.60	-	62.00
USDTHB	33.43	33.41	+0.87%	33.0	-	33.6
USDVND	26332	26329	+0.03%	26100	-	26500

*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	4.148	4.393	-5.1	-10.5
JGB (JP)	1.415	2.662	0.5	-0.4
Bunds (GE)	2.544	2.864	-3.2	-5.4
Gilts (UK)	4.127	4.682	-3.7	-7.1
AGB (AU)	4.451	4.762	0.3	-1.0
SGS (SG)	1.582	2.048	-0.8	-0.9
CGB (CN)	1.248	1.738	0.4	0.1
KGB (KR)	3.658	4.181	0.0	0.0
SDL (IN)	5.949	6.803	-1.0	-6.4

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	183.77	183.69	▼0.04%
GBP/JPY	213.013	212.975	▼0.13%
JPY/SGD (100yen)	0.8017	0.802	▼0.10%
JPY/HKD (100yen)	4.8458	4.8456	▼0.14%
CNH/JPY	23.755	23.756	▼0.15%
CNH/HKD	1.1513	1.1511	▼0.28%
EUR/GBP	0.86266	0.86247	+0.08%
AUD/NZD	1.2213	1.2223	+0.09%
EUR/CNH	7.7368	7.735	+0.04%
GBP/CNH	8.9717	8.9684	+0.00%
CNY/HKD	1.1513	1.1511	▼0.28%
EUR/HKD	8.9065	8.9006	▼0.20%
SGD/HKD	6.0436	6.0418	▼0.06%

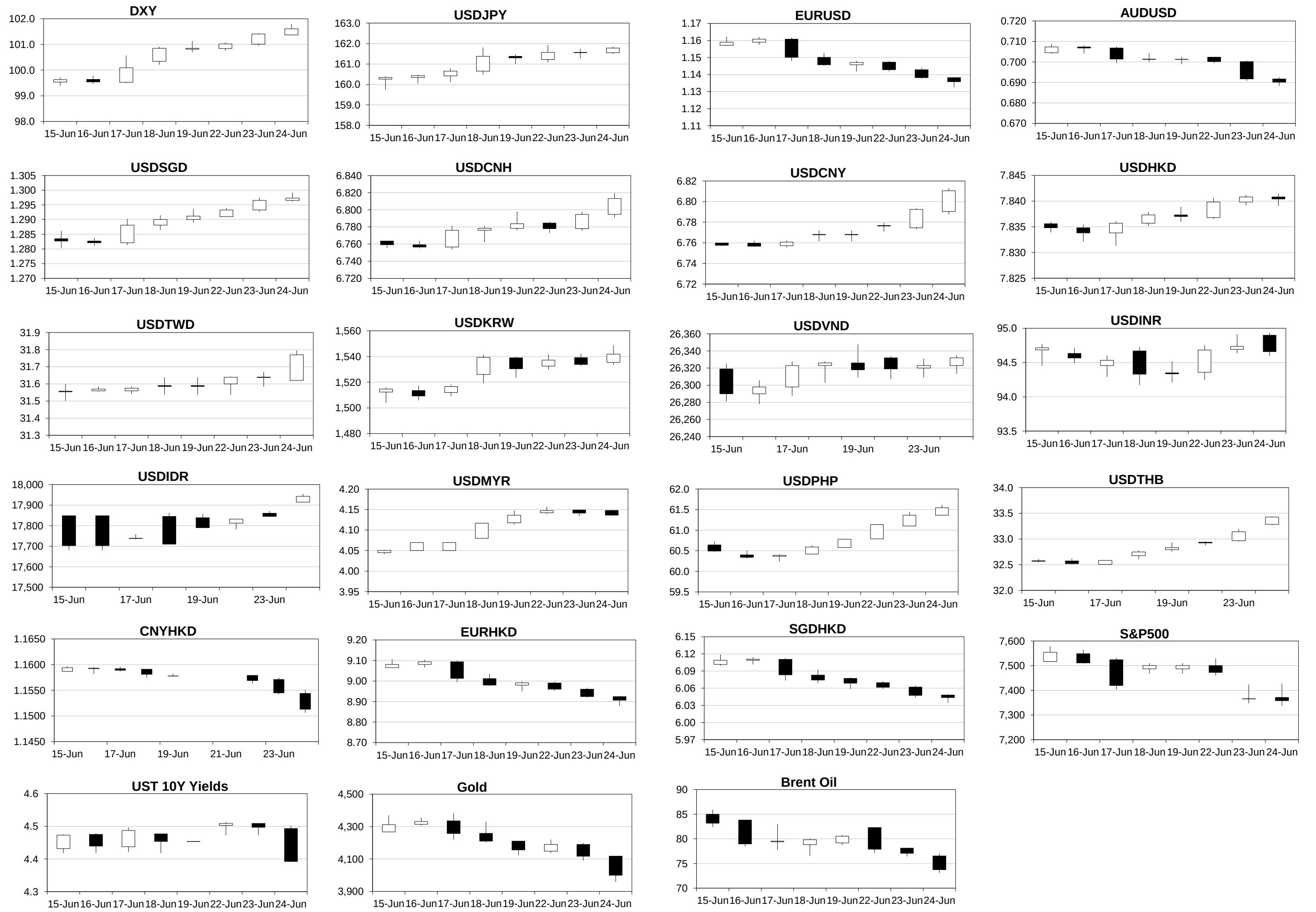
*Open is as at 8am HKT/SGT.

G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	7358.22	-7.24	▼0.10%
Nasdaq (US)	25476.63	-110.41	▼0.43%
DJIA (US)	51848.9	182.06	+0.35%
N225 (JP)	69174.97	-613.41	▼0.88%
STOXX50 (EU)	6214.7	-15.85	▼0.25%

Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5619.86	20.30	+0.36%
STI (SG)	5215.99	10.25	+0.20%
SHCOMP (CN)	4110.813	4.56	+0.11%
SZCOMP (CN)	2855.613	21.84	+0.77%
HSI (HK)	23412.18	75.90	+0.33%
SENSEX (IN)	76991.22	790.54	+1.04%
JSE (ID)	5883.881	-217.45	▼3.56%
KLSE (MY)	1682.13	2.21	+0.13%
PSE (PH)	5991.37	-134.85	▼2.20%
SET (TH)	1548.22	7.32	+0.48%
VNINDEX (VN)	1878.02	0.00	+0.48%

Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	13,029.71	-273.13	▼2.05%
IRON ORE (CN)	100.05	-0.55	+0.20%
GOLD	3,999.41	-117.78	▼2.86%
SILVER	57.42	0.07	+2.35%
OIL (BRENT)	73.74	-3.34	▼4.33%
OIL (WTI)	70.34	-2.87	▼3.92%
NATURAL GAS	3.22	-4.16	▼6.76%

CHARTS



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